COUNCIL ON VIRGINIA'S FUTURE

Meeting Minutes

Council Meeting
October 30, 2006
MCV Alumni House and Paul A. Gross Conference Center
1016 E. Clay Street
Richmond, Virginia 23219

<u>Purpose</u>

The Council met on October 30, 2006, in Richmond to discuss the Council's progress and next steps in its two areas of focus: Transforming Virginia and Transforming Government. The agenda and presentations are available in the Documents of Interest section on the Council's website (www.future.virginia.gov).

Transforming Government: State agencies began implementing a new strategic planning and performance-based budgeting system in 2004. The Council reviewed the progress being made to improve and better utilize the new systems along with plans to accelerate and manage productivity improvement efforts across state agencies.

Transforming Virginia: A web-based performance information platform was demonstrated that helps to assess progress against the Council's long-term objectives for the Commonwealth and more clearly links that progress with government performance information. An initial version of the Virginia Performs website is now available (www.vaperforms.virginia.gov).

<u>Roadmap Framework and Progress to Date</u>

- The Council was established pursuant to HB 2097 of the 2003 General Assembly to advise the Governor and the General Assembly on the implementation of the Roadmap for Virginia's Future process. The Governor chairs the Council.

- While continuation of the journey toward full implementation of the Roadmap for Virginia's Future will require review and refinement of each element of the *Roadmap*, the future scope of work will build on the three components of the scorecard mandated in the Council's enabling legislation: progress against long-term quantifiable objectives, productivity improvement and service performance.

- Longer term steps for the Council's role in assessing progress against long-term objectives include:

    o Evaluate and update the Roadmap framework as necessary.
    o Continue the development of the *Virginia Performs* website, including:
        a. Publicizing the website for its formal launch.
        b. Building in custom reporting capabilities, especially improved regional reporting and analysis.
        c. Continuing the process of updating and expanding the content of the website.
        d. Reconciling the website's role and relationship with other websites such as Atlas and GOSAP.
        e. Resolving and executing a long-term staffing strategy, adding a webmaster and a data manager/analyst for maintaining and building the site over time.

o Review and refine an approach to promoting citizen engagement. In particular:
   a. Creating a new format for the Virginia Futures Forum in concert with Virginia Tech.
   b. Complete the two regional pilots underway in Hampton Roads and Roanoke.

Transforming Government: State Performance Leadership

Service Performance (Executive Branch)

Agency Key Objectives and Background: Governor Kaine's administration has focused on three issues to improve Virginia's performance management system:
   o Clarifying the role of the Council on Virginia's Future and its relationship to state agencies.
   o Establishing linkages in Virginia's performance management system between the Council's goals and executive branch agencies' objectives.
   o Requiring a set of key agency metrics to drive the system.

- The Governor directed state agencies to develop a set of key metrics in order to better focus on the most important elements of the agencies' missions. He directed that the two or three measurable objectives per agency:
   o Reflect the primary mission of the agency.
   o Be based on outputs and results rather than process.
   o Be used in a results accountability system with appropriate budget implications.

- The Governor personally reviewed all of the agencies' key outcome metrics. The review produced encouraging results for the first phase of their release, but a full transition to solid outcome-based metrics remains a work in process. Approximately 40 percent of the metrics could be improved.

- The Governor has taken the following steps to ensure that the performance management system continues to be improved:
   o Created an internal performance management team in the Governor's Office.
   o Solicited an external review of the system by known experts in the field.
   o Met with each agency head to discuss performance expectations and emphasize that performance management was his number one priority.

Strategic Planning and Performance-Based Budgeting: The Department of Planning and Budget (DPB) created a new strategic planning system and service area structure beginning in 2004. Strategic planning is now consistent across agencies and all plan types are fully integrated. The service area structure serves as the new "taxonomy" used for budgeting and planning. Next steps in the development of the system include:

- State agency planning, budgeting and performance data will be available on the *Virginia Performs* website beginning in November.

- Agencies will report current data on key performance measures and service area measures by mid-November 2006. Historical data will be entered by the end of November.

- Key agency objectives and measures will be linked to service areas and to the Council's long-term goals to begin the process of aligning investments, performance and long-term objectives.

- Longer-term efforts will focus on additional training and assistance to agencies, simplifying and focusing the system on what really matters and use of the system for deeper analysis of root causes, strategic linkages and critical success factors.

<u>Productivity Improvement (Executive Branch)</u>

- An enterprise business solutions group (EBSG) was proposed to focus and accelerate productivity improvement efforts across the state enterprise. The basic elements include a Center for Simplified Government and an Enterprise Project Management Office.
    - o The mission of the business solutions group will be to provide leadership for efforts to simplify state government operations.
    - o The office will be staffed initially with two to three professionals who will be supported by 20 to 50 high-performing agency "Fellows" dedicating 15-20 percent of their time to group initiatives.
    - o The primary goals of the group will be to reduce constituent transaction times and expand constituent impact through lower operating costs.
    - o Critical success factors include 1) casting a wide net for ideas, 2) seed funding for promising ideas, 3) ensuring executive sponsorship, 4) establishing high-quality cross-functional teams and 5) providing appropriate incentives to promote a culture of change.
    - o The Secretary of Technology will provide overall leadership together with the Secretary of Finance and the Secretary of Administration.

- An initial portfolio of projects will be derived from Gubernatorial and agency priorities. The Governor's agenda (with cabinet champion) includes:
    - o Enterprise Resource Planning to modernize Virginia's "back-office" operations. (Sec. Wagner)
    - o A Veterans' Services Portal that will act as an all-agency case management vehicle to streamline the delivery of services to veterans. (Sec. Marshall)
    - o A Business "One-Stop" Portal to expedite transaction processes for entrepreneurs to support new business formation. (Sec. Gottschalk)
    - o A Digital Records Management framework to convert paper records into an improved automated workflow. (Sec. Bryant)
    - o Electronic Health Records is a project to maximize private and public sector investments in electronic record keeping. (Sec. Tavenner)

- Longer-range tasks include on disseminating best practices for change management and continuous improvement, developing the appropriate management and change agent skills within the agencies, developing appropriate incentives, measuring progress and ensuring long-term alignment with strategic priorities.

Transforming Virginia: High-Level Challenges for Virginia

<u>Virginia Performs: Overview and Introduction</u>

- The Council has developed an information system and website (vaperforms.virginia.gov) to track performance at several levels. The system supports the aggregation, comparison and analysis of performance data over time, within geographic boundaries of the Commonwealth and with other states.

- The system presents data for a comprehensive set of performance indicators for both societal (quality-of-life) outcomes and performance (programmatic) outcomes. Societal indicators will be used to assess progress toward the Council's long-term objectives. The website will also help link this progress to programmatic results by including linkages to service performance through quantifiable long-term objectives and the agency-level key and service level metrics.

- In addition to the 50 societal indicators and linkages to the state government key objectives and performance metrics, the system includes a powerful Geographical Information System (GIS) reporting capability for presenting local and regional data.

- The site presents societal (or macro) indicators in Virginia compared to the national average, the best state in the nation and three benchmark states: North Carolina, Maryland and Tennessee. The site also indicates whether trends for the indicators are improving, maintaining, or losing ground. For example:
  - Improving: Income, employment, dropout rate, teen births, smoking, property crime and air quality.
  - Maintaining: Violent crime, water quality, solid waste, school readiness, workforce quality and graduation rates.
  - Losing Ground: Obesity, congestion, poverty rate, transportation infrastructure and consumer protection.

- The site also indicates at a high level the degree of influence the state exerts on the indicator. For example:
  - Significant influence: Immunization, infant mortality, infrastructure and congestion, standards of learning, bond rating, reading and math and land preservation.
  - Limited influence items include: Economic performance (short run), obesity, suicides, cardiovascular and cancer death rates and land use.

- The website also points out where there are significant regional differences in performance. For example:
  - Indicators with wide regional variation: Income, uninsured, preserved land, air quality, high school education outcomes and crime.
  - Indicators with relatively little regional variation: SOL pass rate, cancer death rate and alcohol-related crash fatalities.

Demographics

- The Virginia Performs website includes a report on Virginia's demographics prepared by the Weldon Cooper Center for Public Service at the University of Virginia.

- Key findings in the report include:
  - Virginia's population is becoming older and more diverse.
  - Virginia's population is better educated than the nation as a whole.
  - Virginian's have a higher average incomes and lower poverty rates than the national average.
  - On average, naturalized citizens in Virginia are more likely to be in professional and related occupations, be better educated and have higher incomes than other Virginians.

- Statewide averages can sometimes mask the significant regional differences in performance across the Commonwealth.

Discussion of Next Steps

The Council engaged in a dialogue about the current status and future directions for the Council. The Council expressed its appreciation for the work accomplished to date.

Broad topics of interest that were discussed included:

Building citizen engagement and publicizing and promoting use of the *Virginia Performs* website: The website represents a tool for decision- and policy-making and should be widely publicized and explained to promote its use by:
- o Agency management for evaluation, planning and decision-making.
- o Executive branch leadership for performance evaluation, planning and budget decision-making – including the use of the data to more fully evaluate ROI and whether a service should be ceased because it is no longer needed or cannot deliver the desired results.
- o Legislative leaders for evaluation of policy and investments and for dialogue with citizens about needs, progress and priorities – including the analysis necessary to make decisions to stop programs or services as noted above.
- o Local and regional groups to help evaluate progress and spur regional collaboration for change – localities can't be globally competitive, but regions can.
- o Individual citizens so that they can better understand where Virginia stands, the larger issues affecting its future and what the indicators may mean to them.

Promoting positive outcomes for the Commonwealth: The work to date, including the development of the vision and long-term goals, the new planning and budgeting system and the Virginia Performs website, provides a framework for helping to develop longer-range plans around certain desired results. This could be facilitated by:
- o Setting a few long-term quantifiable objectives
- o Using the performance data for budgetary decision-making
- o Fostering citizen engagement and dialogue around longer-term issues and priorities

Promoting performance leadership and change management in state government: Significant progress has been made in developing improved approaches and systems for strategic planning and performance-based budgeting. The proposed enterprise business solutions group will develop the tools, training, practices and so forth that will accelerate productivity improvement across agencies. Additional work and support are needed to fully implement and effectively utilize these new tools and approaches.